

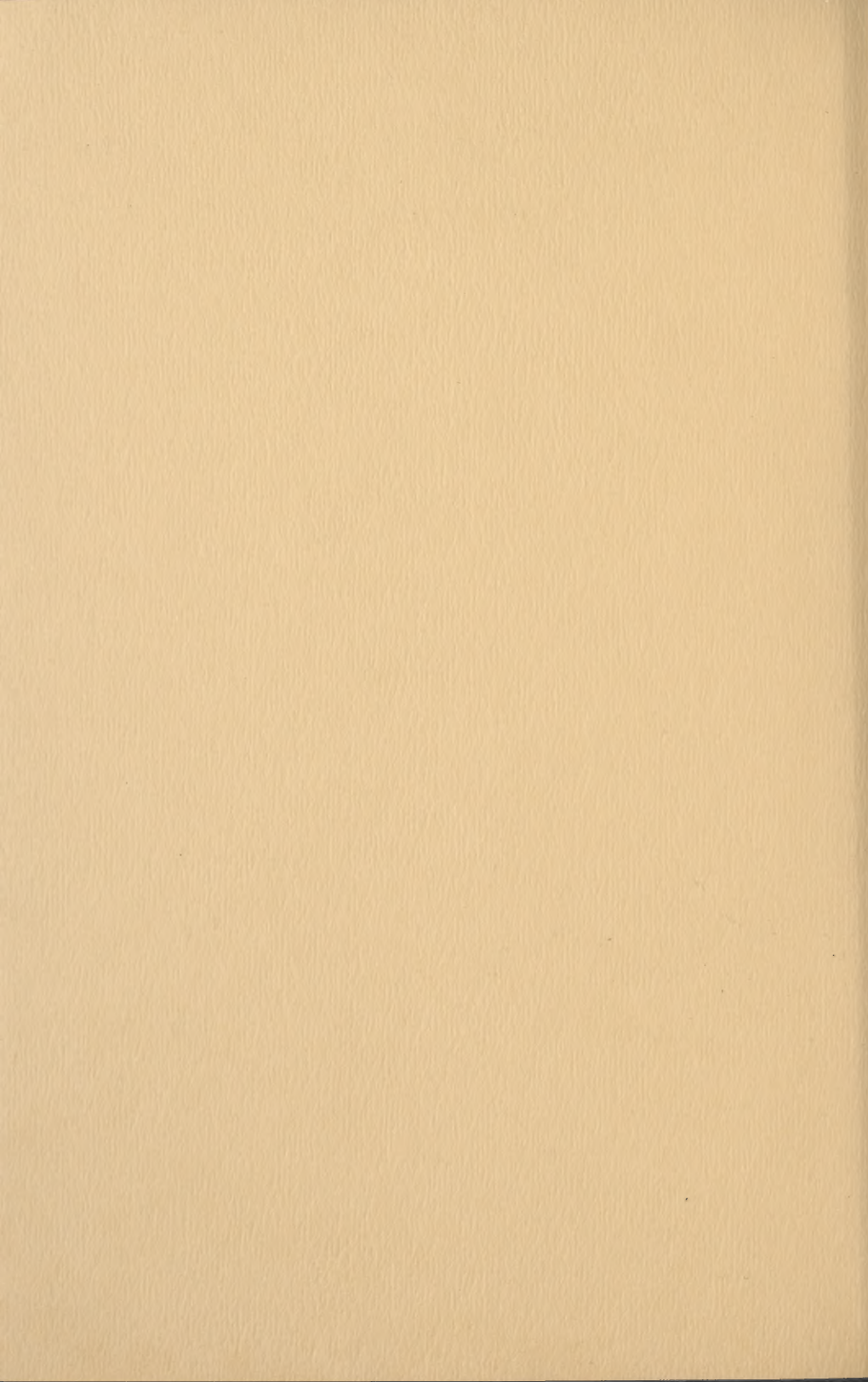
The CANADIAN PAPER MONEY JOURNAL



Official Publication of
The Canadian Paper Money Society

Vol. XX, No. 3

July, 1984



The CANADIAN PAPER MONEY JOURNAL

Official Publication of
The Canadian Paper Money Society

VOL. XX, No. 3

July, 1984

Serial No. 79

CONTENTS

ARTICLES

THE MANY BANKS OF TORONTO (continued from April issue)	52
by Major Sheldon S. Carroll	
THE CHEQUE COLLECTOR by Ronald Greene	57
THREE MAIN ANTICOUNTERFEITING DEVICES	
UNDER STUDY FOR U.S. NOTES by Jerry Remick	58
RESEARCH OF BANK LOGOS by Frank Harding	59
A NOTE FROM ISLE AUX NOIX by Ruth McQuade	61
THE ALABAMA ARBITRATION CERTIFICATE OF DEPOSIT	63
by Ruth McQuade	
THE MYSTERIOUS PAPER MONEY INTERLOCK BETWEEN	
CANADA AND UNITED STATES by Eric. P. Newman	65
HENRY GREGGS FARISH by Ruth McQuade	67
1984 CNA Convention Schedule of Events	69
Regional Reports	70
The Canadian Paper Money Balance Sheet	72
The C.P.M.S. Statement of Receipts & Balances	73

REGULAR FEATURES

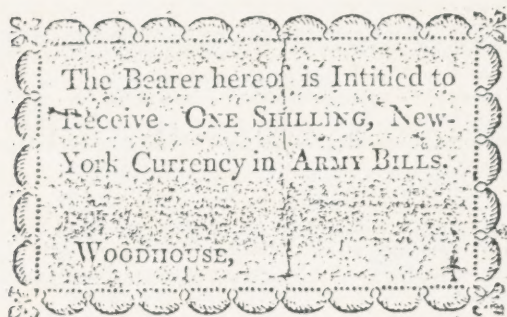
Society Affairs	73
Toronto Sesquicentennial Souvenir Card	74
News Items	76
Editorial	77

COVER: Banknote from one of the many banks which have operated in Toronto (see Major Sheldon S. Carroll's article on The Many Banks of Toronto).

ISSN: 0045-5237

A MYSTERIOUS PAPER MONEY INTERLOCK BETWEEN CANADA AND UNITED STATES

by Eric P. Newman



For a writer to attribute a piece of paper money to the wrong country and to the wrong period is both unusual and ordinarily embarrassing. But for an author to have to opportunity to correct that error by serendipity 16 years later before anyone else had called the error to his attention is extraordinary. This is exactly what happened to me with respect to the undated, unsigned issue of paper money from "Woodhouse" payable to bearer in "New York Currency in Army Bills".

In the 1966 edition of **The Early Paper Money of America** this issue was listed for the first time. It was included in the New York section and chronologically placed in the 1776 period with the statement "Nothing has been learned about this issue." The 1976 edition repeated that comment. In 1980 I was travelling in the Peoples' Republic of China in a group which included someone who, during her childhood, had moved to Detroit from nearby Canada. I casually asked her if she had ever heard of Woodhouse and she said that she had but wasn't sure where it was. A very flimsy clue it was, but it could not be neglected.

The use of the "New York Currency" on the issue had been somewhat deceptive. New York Currency was the name of the money of account of the Colony of New York under British rule. It consisted of New York pounds, shillings and pence. This currency, though the denominational names were the same, had no economic correlation with English sterling except as a foreign exchange. The paper money issued by the Colony of New York generally had denominations of New York pounds and shillings from May 31, 1709 to September 2, 1775 when a change to Spanish milled dollar denominations took place at the start of the American Revolution. Then on lower denominations of the New York State paper money issues of March 8, 1776 both New York shillings and pence as well as fractions of Spanish milled dollars were used as denominations. For over 25 years the rate of exchange of New York Currency had been 8 shillings to the Spanish milled dollar. That ratio remained unchanged when the State of New York introduced its specie paper money issues of 1786 and 1788 using pound and shilling denominations. When the U.S. Constitution prohibited the issuance of paper money by individual states in 1789 there was a profusion of city and private small change scrip issued in the State of New York in denominations of New York shillings and pence while the New York incorporated banks issuing higher value paper money used the Federal standard of dollars for their denominations. It was very convenient in New York to continue the use of the New York Shilling as a money of account because the Spanish American one real coins in circulation were equal to one New York Shilling and the U.S. quarter and Spanish American two reales coins were equal to two New York Shillings. The quantities of English halfpence, Connecticut, Vermont, Nova constellation, New York and other coppers joined in increasing numbers of U.S. cents and half cents for the very small transactions. In rural New York particularly, the use of New York shillings and pence as a money of account continued into the nineteenth century as evidenced by some scrip notes issued there in such denominations during the War of 1812.

The year after the Provinces of Lower Canada and Upper Canada were created in 1791, John Graves Simcoe was appointed Lt. Governor of the Province of Upper Canada. He partitioned Upper Canada in nineteen counties, generally naming them after the eastern counties of England. Norfolk was selected as the name of one southern county on the northern shore of Lake Erie. In naming the townships within Norfolk County, Upper Canada, family and city names of Norfolk County, England, were selected, one being Woodhouse. Woodhouse, as well as Wodehouse, are both commonly found in and around the City of Norwich, Norfolk County, England. No other community received the name Woodhouse anywhere else in Canada or the State of New York, the only possible exceptions being the name of Woodhouse Mountain in Renfrew County, Province of Ontario, Canada, at a later date. The census of Woodhouse Township for 1812 lists the names of about 500 persons showing that the community was well developed at the time of the War of 1812. Woodhouse Township lost its original identity when it was absorbed into the city of Nanticoke along with neighboring areas.

In order to finance Canadian participation in the War of 1812 the government of Great Britain arranged for the issuance of Army Bills from the Quebec Army Bill Office. These Army Bills were redeemable in Bills of Exchange on London. This avoided the risk of sending specie to Canada to pay the expense and maintenance of the British armed forces. The Army Bills were issued in convenient denominations as low as one Spanish dollar (one paistre).

During the war of 1812 United States citizens living near the Canadian border ignored the prohibition against trading with the Canadians and accepted Army Bills in payment for goods. Army Bills could be exchanged by United States residents through trade channels for Bills of Exchange on London, thereby avoiding the risk of specie transfer to Europe. In that way Army Bills became acceptable in New England and New York at a time when there was a shortage of small change in the area.

Due to extensive trading with New York merchants in Colonial times the Canadians often used the New York Shilling as a money of account. This practice continued well into the nineteenth century in spite of the adoption in 1796 of Halifax currency as the official exchange for all of Canada. The Halifax currency standard was 5 shillings to the Spanish dollar. The New York shilling was by Canadian custom called the "York Shilling" and its value remained at 8 shillings to the Spanish dollar when the Army Bills were issued during the War of 1812.

The Woodhouse notes must be judged in this context. The only known Woodhouse notes consist of a single example of the 1 shilling note and a single example of a 2 shilling note. Neither is signed or dated. They are on pinkish laid paper, printed from set type and ornaments.

It would, therefore, seem that the 1 shilling and 2 shilling bearer notes payable in "New York Currency in Army Bills" were private notes of convenience prepared for circulation from Woodhouse, Norfolk County, Upper Canada during the War of 1812. The issue interlocks New York Currency as a United States money of account with the Canadian Army Bills which were being used in both areas. It is hoped that the finding concerning the Woodhouse notes are more than just a borderline conclusion.

BIBLIOGRAPHY

- Robert Chalmers, *A History of Currency in the British Colonies* (London 1893)
 Henry Smith Johnson, *Norfolk County Place Names* (Simcoe, Ontario, Canada 1934, 1959, 1969)
 R. Craig McIvor, *Canadian Monetary Bank and Fiscal Development*, p. 21
 Ruth McQuade, "Army Bills Successful Wartime Measure", *Coin World*, June 11, 1980, p. 82, 92)
 Ruth McQuade, "Halifax Currency in Nova Scotia", *Canadian Numismatic Journal*, Vol. 21, pp. 399-400
 Eric P. Newman, *The Early Paper Money of America* (Racine 1967, 1976)
 Victor Ross, *The History of the Canadian Bank of Commerce*, Vol. I, pp. 4, 62, 84
 Adam Shortt, "Founders of Canadian Banking", *Journal of the Canadian Bankers' Association*, Vol. XXX, pp. 34-37
 Adam Shortt, "The Early History of Canadian Banking", *Journal of the Canadian Bankers' Association*, Vol. IV, pp. 341-346
 William R. Yaeger, editor, *1812 Woodhouse Township Census with Related Documents 1814-1836* (Simcoe, Ontario, Canada 1978)